

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6419**

**BILL NUMBER:** SB 364

**NOTE PREPARED:** Dec 28, 2003

**BILL AMENDED:**

**SUBJECT:** Pull Tabs.

**FIRST AUTHOR:** Sen. Lanane

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill authorizes the sale of pari-mutuel pull tabs at race tracks and satellite facilities located in Marion County. The bill also makes other changes concerning race tracks and satellite facilities.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** The Indiana Gaming Commission would incur additional administrative expenses relating to the regulation and administration of pari-mutuel pull tab operations. However, the bill requires that the holder of a pull tab license or supplier's license bear the cost of any investigation by the IGC relating to the licensee. Also, the bill allows the IGC to impose an administrative fee on race track or satellite facility permit holders offering pull tab games in an amount that allows the IGC to recover the costs of administering pari-mutuel pull tabs.

**Explanation of State Revenues:** The bill authorizes the sale of pari-mutuel pull tabs at Hoosier Park, the Marion County satellite facility operated by Hoosier Park, Indianapolis Downs, and a Marion County satellite facility operated by Indianapolis Downs. The bill limits the number of electronic pull tab terminals or devices that may be installed to 700 per facility. However, the bill does not impose any tax on pari-mutuel pull tab activities or receipts. *It is estimated that annual pull tab wagering receipts from Hoosier Park could total \$101.3 M to \$170.5 M and \$69.1 M to \$110.1 M from Indianapolis Downs.*

**Caveats:** The fiscal estimates are not adjusted to account for the potential negative effect that riverboat gaming operations may have on wagering at pari-mutuel pull tab facilities located in central Indiana. In addition, the fiscal estimates do not account for potential decline in Admission and Wagering Tax revenue

at the riverboat casinos due to the pari-mutuel pull tab operations in central Indiana. These potential competitive impacts on the fiscal outcomes are indeterminable.

**License Fees:** The bill provides for a pari-mutuel pull tab license and a pari-mutuel pull tabs supplier's license. The initial pull tab license would be effective for 5 years. The annual renewal fee would be determined by the Indiana Gaming Commission. The annual fee for a supplier's license would be \$5,000. The bill requires a person to obtain a supplier's license to furnish pari-mutuel pull tab terminals or devices in Indiana. The license fee revenue will be minimal as there will be only two pull tabs licensees and the number of suppliers necessary to provide 2,800 pull tab terminals to four facilities is minimal.

**Existing Pari-Mutuel Admission Tax:** Revenue from the existing \$0.20 Pari-mutuel Admissions Tax could potentially increase if pari-mutuel pull tab sales serve to increase paid attendance. Currently, admission is charged at Hoosier Park and Indiana Downs. Under current statute, 50% of the tax is distributed to the state General Fund. The impact from Hoosier Park could potentially total \$52,000 to \$139,000 annually, with 50% (\$26,000 to \$69,500) being distributed to the state General Fund. The potential impact from Indiana Downs is currently indeterminable.

**Fiscal Impact Details:** The fiscal impact is based on a range of estimates of the number of patrons purchasing pull tabs at Hoosier Park and its Marion County satellite facility. The estimates are based on a range of patron growth rates observed at Iowa racing venues after the installation of slot machines in 1995. The base patron total for Hoosier Park live racing is the actual 2001 admissions. Base patron totals at Hoosier Park for simulcast racing and at Hoosier Park's Marion County satellite facility are imputed based on the actual 2001 wagering handle for each and the 2001 actual handle per patron at the Merrillville satellite facility. Patronage at Hoosier Park's downtown Marion County satellite facility is adjusted to account for the impact of tourism. The estimated Hoosier Park facility patronage totals are scaled down to estimate patronage for Indianapolis Downs. This is based on projections of gaming industry analysts relating to the relative scale of pull tab operations at facilities of both permit holders. It is assumed that AGR per patron equals \$65 to derive AGR totals for each permit holder.

#### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Revenue from the existing \$0.20 Pari-mutuel Admissions Tax could potentially increase if pari-mutuel pull tab sales serve to increase paid attendance. Currently, admission is charged at Hoosier Park and Indiana Downs. Under current statute, 50% of the tax is distributed in equal shares to the city and county in which the race track is located. The impact from Hoosier Park could potentially total \$52,000 to \$139,000 annually, with 50% (\$26,000 to \$69,500) being distributed in equal shares to Anderson and Madison County. The potential impact from Indiana Downs is currently indeterminable.

**State Agencies Affected:** Indiana Gaming Commission, Indiana Horse Racing Commission.

**Local Agencies Affected:**

**Information Sources:** Monthly Summary of Wagering and Admission Tax, Indiana Gaming Commission.

**Fiscal Analyst:** Jim Landers, 317-232-9869.